

MEDICARE PAYMENT ADVISORY COMMISSION

PUBLIC MEETING

Ronald Reagan Building
International Trade Center
Horizon Ballroom
1300 13th Street, N.W.
Washington, D.C.

Thursday, December 13, 2001
10:00 a.m.

COMMISSIONERS PRESENT:

GLENN M. HACKBARTH, Chair
ROBERT D. REISCHAUER, Ph.D., Vice Chair
BEATRICE S. BRAUN, M.D.
SHEILA P. BURKE
AUTRY O.V. "PETE" DeBUSK
ALLEN FEEZOR
FLOYD D. LOOP, M.D.
RALPH W. MULLER
ALAN R. NELSON, M.D.
JOSEPH P. NEWHOUSE, Ph.D.
JANET G. NEWPORT
CAROL RAPHAEL
JOHN W. ROWE, M.D.
DAVID A. SMITH
RAY A. STOWERS, D.O.
MARY K. WAKEFIELD, Ph.D.

Agenda item:

How Medicare pays for services: an overview

- Sally Kaplan, Julian Pettengill

MR. HACKBARTH: So the last item of the day is an overview chapter that would be included in our March report on how Medicare pays for services. The purpose of this chapter is not to recommend new policies but to provide a handy-dandy source of information for those interested in Medicare payment policy.

Sally?

DR. KAPLAN: As Glenn said, this chapter will be in the March report. It will be the first chapter, which traditionally does not have recommendations. Basically, as we all know, Medicare pays for thousands of services furnished to almost 40 millions beneficiaries by over 1 million providers in thousands of counties in the nation. I doubt that you'll be surprised to hear that Medicare payment as a result is complicated, and there are lots of moving parts.

The BBA, BBRA, and BIPA changed almost every payment system that Medicare has, sometimes in multiple ways. So we felt that explaining how Medicare pays for the services it purchases is timely and useful. Also in this chapter we raise current policy issues for each of the payment systems.

What we'd like from you today is your opinion about whether the level of detail in the payment sections is appropriate, and whether the issues are the right ones. We don't plan to present this chapter at the January meeting. It's being sent out for technical review next week. So it's not to say this is your last crack at this chapter, but if we can get some closure on it we'd really like it.

The chapter explains 15 different payment systems. For each system it provides an overview of the system and a description of the products it buys, how Medicare sets payment rates, and then the current policy issues. We'd like to know whether you feel the payment sections provide you with too much detail, too little detail, or about the right amount of detail.

In other words, when you finished reading the chapter did you want to know more or less? It's a very long chapter. We think it's the right amount of detail but you might not agree with us.

Also we've tried very hard to make the language, as we explained to people, normal English without buzzwords.

MR. SMITH: Sally, it may be the question is, after the question do you know more --

DR. NELSON: Does it stick?

DR. KAPLAN: It may not necessarily stick, but maybe it would be a good reference for people, because 15 different payment systems are very hard to hold in one's brain. I speak as one who holds six in my brain.

MR. HACKBARTH: I think it's very well done. I think it's well organized. There's a nice, consistent approach to each of the different payment systems that makes it easy to use. I think it will be a terrific reference and I'll keep my copy close by.

DR. KAPLAN: They didn't want me to say that we thought it was a keeper.

MR. FEEZOR: And it ought to be compulsory for all your new members.

MR. HACKBARTH: In fact we can get them in plastic so we --

DR. KAPLAN: Actually we've had a suggestion by one of our independent editors that the big table that we have, that we have it laminated in pull-out so you could put it on your wall. However, I don't think we're going to do that for the March chapter, but you're free to do that yourself.

On the current policy issues which we have up on the screen now, the policy issue section briefly discusses issues related to three objectives: payment adequacy, and an example of that is the pending rate cut in home health that you discussed this morning. Payment accuracy is the second objective, and an example of that is the RUG-III classification system for SNFs. Then third are other objectives. An example of that might be controlling volume through the SGR which you'll discuss tomorrow.

So our question to you is, are the issues in the chapter the right issues?

DR. STOWERS: I think this is a wonderful chapter as far as reference, and like you said, we'll keep it close. One little problem I had was -- and it pops up -- I hate this is a rural example, but there are others in here in a few places. Like at the bottom of page 11 where we get into a large portion of rural hospitals eligible may receive this benefit inappropriately. I think we agreed in our previous discussion that measured on certain parameters, but maybe measured on other parameters like volume and other things that we don't take into account, that maybe the payments aren't inappropriate.

It's such a great reference chapter, I would hate to get into policy opinions in a chapter that's a good reference. And that happens two or three times, and I just think -- I would hate to get into controversial things within such a good reference chapter. I just bring that up as a -- but other than that, I loved the chapter. It's really good.

DR. KAPLAN: The other two or three times, if you could let us

know on sidebar, either by e-mail, et cetera, because I think we've looked at this chapter so much it might be difficult for us to spot it.

DR. STOWERS: That was one example.

DR. KAPLAN: Yes, but if you could e-mail us with the others I'd appreciate that.

MR. HACKBARTH: Any other comments on the chapter? Suggestions?

Sometimes when you get no response it's because people are just worn out. Actually I think in this case it's probably more because it's very well done, I think. So thank you.

DR. KAPLAN: Thank you.